

## LLEP BOARD OF DIRECTORS

11am, 19 April 2023

College Court, Knighton Rd, Knighton, Leicester LE2 3UF



### AGENDA

TIME		ITEM	REPORT	DECISION /DISCUSSION INFORMATION	LEAD
11.00	1.	Welcome and Apologies			Co-Chairs
	2.	Declarations of Interest			All
11.05	3.	Minutes and actions LLEP Board Meeting 14 February 2023	Paper A	Decision	Co-Chairs
OPERATIONAL PERFORMANCE					
11.10	4.	Team Away day	Paper B	Presentation	Sue Tilley
STRATEGIC ITEMS					
11.20	5.	Head of LLEP Report to Board	Paper C	Information	Sue Tilley
11.30	6.	County Deal / Government decision	Verbal	Information	Co-Chairs
11.40	7.	National announcements regarding LEPs Future Funding Questionnaire Questions	Paper D	Information & Discussion	Sue Tilley
FINANCIALS					
12.00	8.	Operating budget update	Paper E	Information	Colin Sharpe
12.20	9.	GPF outstanding debt update	Paper F	Information	Colin Sharpe
AOB					
12.30	10.	Any Other Business			Co-Chairs

Future meetings:

13 June 2023

8 August 2023

10 October 2023

12 December 2023



# Paper A



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## LLEP Board of Directors

**3pm, Tuesday, 14 February 2023**

**Face to face MIRA, Pavilion Room**

**Organiser: Sharif Chowdhury**

**Co-Chair: Andy Reed OBE (AR), Anil Majithia (AM).**

**Directors present: Sonia Baigent (SB), Lorraine Boorman (LB), Nishan Canagarajah (NC), Verity Hancock (VH), Dr Nik Kotecha OBE (NK), Anne-Marie Hunt (AH), Cllr, Terry Richardson (TR). Glynis Wright (GW).**

**In Attendance: Elizabeth Botmeh (EB), Jo Dexter (JD), Cheryl Maguire (CM), Amy Oliver (AO), Colin Sharpe (CS), Sue Tilley (ST), Declan Allen (DA).**

**Apologies: Emma Anderson (EA), Peter Bedford (PB), Chas Bishop (BP), Gosia Khrais (GK), Ajmer Kaur Mahal (AKM), Neil McGhee (NM), Cllr Jonathan Morgan (JM), Jo Tallack (JT), Stewart Smith (SS). Rani Mahal (RM), Cllr Danny Myers (DM).**

**Minutes Taken By: Sharif Chowdhury**

**CC To: All**

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## MINUTES

<b>1.</b>	<b><u>Welcome and Apologies</u></b>	
1.1	AR welcomed those present physically to the meeting.	
1.2	Apologies were received from EA, PB, JM, RM, DM, CB, GK and JT.	
<b>2.</b>	<b><u>Introduction and Welcome to Horiba MIRA</u></b>	
2.1	Declan Allen, Managing Director of Horiba MIRA provided an update on its recent progress. He highlighted that the company was known for vehicle engineering, testing and consultancy whilst the MIRA Technology Park provided a range of property options for mobility companies to locate themselves onsite.	

<u>Minute</u>		<u>Action</u>
2.2	It was noted that there has been significant progress in attracting global customers for the engineering and testing capabilities available. The Managing Director also noted that the MIRA Technology Park was moving into phase two of its growth plans, which focussed on larger scale developments, and a focus on the technology solutions of the future for the sector, such as hydrogen fuel.	
2.3	Declan Allen left the meeting at this point.	
<b>3.</b>	<b><u>Declarations of Interest</u></b>	
3.1	AR announced that Rani Mahal has a new role at the OPCC as the Deputy Police and Crime Commissioner.	
3.2	There were no Declarations of Interest.	
<b>4.</b>	<b><u>Minutes and Actions LLEP Board of Directors Meeting held on 1 November 2022</u></b>	
4.1	The minutes were recorded as a true and accurate record.	
<b>5.</b>	<b><u>Update on Midlands Engine Investment Fund (MEIF)</u></b>	
5.1	AMH provided an update on the MEIF Strategic Oversight Board where there is a significant fund held by British Business Bank that requires ongoing monitoring and plans for a roll out of a further MEIF 2 fund. AMH shared that the LLEP board will be regularly informed on an ongoing basis.	
5.2	LB provided further updates from the MEIF Regional Advisory Board, which she attends on behalf of the LLEP. LB shared that the meetings occur quarterly and that detailed reports are provided to monitor the progress of the fund.	
5.3	LB shared that results for the LLEP area have been positive. The evaluation of the first phase of the MEIF has demonstrated the value of investing in SMEs to achieve growth across the Midlands. The British Business Bank will be sharing the results wider, and a will be a series of events in partnership with the West Midlands Combined Authority, the East and West Midland LEPs.	
5.4	LB clarified that the purpose of the events will be focussed on assembling intermediaries but also introducing the coming MEIF 2 Fund.	
<b>6.</b>	<b><u>Head of LLEP Report to Board</u></b>	

Minute		Action
6.1	Sue Tilley referred to the Head of LLEP report and highlighted some of the key areas from the report to the Board.	
6.2	<b>Andy Rose Retirement:</b> ST noted the LLEP team will be losing Andy Rose, a long standing and highly valued member of the LLEP team, who will be retiring from the Economic Strategy Manager position in February. Andy's long history, breadth of experience and capabilities within Economic Development will be missed by the team. ST thanked Andy for his dedicated service and wished Andy a fulfilling and long retirement.	
6.3	NK and SB voiced concerns about the loss and replacement of Andy Rose who has always been the main spokesperson for projects and matters relating to devolution. EB explained that monitoring projects will be shared through the teams and the LMT will cover other areas led by Andy Rose.	
6.4	<b>Draft Delivery Plan:</b> ST shared that despite the uncertainty about future funding, the LLEP Team are working on a draft delivery plan for 2023-24.	
6.5	<b>New Delivery Programmes:</b> ST advised that the team have been very busy throughout the period with officers taking on new areas of responsibility and working on new delivery programmes and projects.	
6.6	<b>New programmes of activity:</b> ST updated that the Made Smarter, Create Growth (£1.2m) and the new Microsoft 'LEAP' pilot scheme are all live and are gaining good traction with business and have received pipelines of enquiries.	
6.7	<b>Future Funding:</b> ST advised that the ongoing uncertainty around funding for LEPs and Growth Hubs remains a major concern. The LEP Network continues to lobby Government behalf of all the LEPs, The LEP Network submitted a letter to BEIS Secretary of State and the Chancellor. The LLEP have followed up with letters to local MPs lobbying for their support for continued Growth Hub funding. ST asked the Board to refer to Appendix 2. The letter expresses thanks from Kevin Hollinrake, Minister for Enterprise and Small Markets Growth to Jane Hunt MP who highlighted the work of the LLEP Growth Hub.	
6.8	<b>UKSPF:</b> The Board were asked to note that the ERDF funding comes to an end in June 2023. The funding is currently being used for Business support activities including business advisors and the expected funding from BEIS is not yet known. The replacement UK Shared Prosperity Fund (UKSPF) and replacement for ERDF has been awarded directly to District Councils and Leicester City Council. The UKSPF is significantly lower in	

<u>Minute</u>	<u>Action</u>
	value and will go direct to the districts, instead of the LLEP, who have other existing priorities with little funding allocated to business support.
6.9	<p><b>UKSPF Procurement:</b> ST advised that Leicestershire County Council are undertaking the procurement for the business support element of UKSPF on behalf of the districts to consolidate activities. The Growth Hub and LLEP senior management have ongoing contact with the districts, Leicester City and Leicestershire County Council and will monitor the situation to see if there is an opportunity to bid for any element of service provision. ST shared that the Board and the accountable body will need to decide whether to bid for this.</p>
6.10	<p><b>Growth Hub:</b> ST advised that based on BEIS existing contractual details the Growth Hub from June 2023 will be likely to revert to a triage service. The Growth Hub strategy will be to work more closely with the private sector. The LLEP team already in discussion with several organisations including Santander, Lloyds Bank, NatWest, and Microsoft to offer elements of free business support as part of the Growth Hub service.</p>
6.11	<p><b>Microsoft:</b> The LLEP Growth Hub is leading on an initiative with Microsoft to provide free digital support to SME's. The team worked with Microsoft's Chief Technology Officer to design the architecture for the scheme and a trailblazer pilot scheme commenced Leicester and Leicestershire week commencing 23rd January. There has been significant early interest and following an introduction by the LLEP to the LEP Network there are plans for a nationwide roll out.</p>
6.12	<p><b>Innovation Festival 2023:</b> ST updated that the LLEP Growth Hub is leading the 2023 Leicester Innovation Festival and will bring together innovators from across the region with the major focus being on productivity. Twenty events are planned between the 6<sup>th</sup> and 17<sup>th</sup> February, starting with the Innovation Launch at the Loughborough University Stadium on the 6<sup>th</sup> of February with 120 VIP guests and culminating with the 2023 Innovation Awards. ST shared that Dr Nik Kotecha, Innovation Board Chair will provide a comprehensive Innovation update later in the meeting.</p>
6.13	<p><b>Launch Pad:</b> The bid for the Innovate UK launch pad themed around Space and Advanced Manufacturing Sectors was submitted by the LLEP on 7<sup>th</sup> November. A strong consortium bid was led by the University of Leicester in conjunction with a range of stakeholders including the LLEP, Leicester City Council, UoL, De Montfort University, Loughborough University National Space Centre, DIT, and the Midlands Engine. ST shared that a successful bid would result to funding of up to £7.5m. An</p>

<u>Minute</u>		<u>Action</u>
	announcement was expected in December, but it is understood that Innovate UK have been overwhelmed with applications.	
6.14	<p><b>Innovation Festival:</b> NK commended the team on making the Innovation Festival a success and raising sponsorship of £31,500 which will help to fund innovation activities throughout the year. It was noted that there is now increased enthusiasm around innovation in Leicester, and that the government has recognized the importance of innovation and productivity. The original £150,000 allocated to the development of the original MITREAP plan for innovation is now exhausted. NK indicated that a further £250k of funding to support innovation activities going forward to ensure that the Innovation delivery plan can be progressed.</p>	
6.15	<p><b>Innovation Board:</b> NK reported that Indro Murkerjee, Chief Executive of Innovate UK would be attending the Innovation Awards and thanked Nishan Canagarajah and the University of Leicester for facilitating a meeting between Indro and the Innovation Board.</p>	
6.16	<p><b>UoL UK Space Agency Funding success:</b> NC announced that University of Leicester will lead on a Midlands space cluster development and had heard earlier that morning that a proportion of £6.5m of funding had been secured from the UK Space Agency. The University will be partnering with organisations in the West Midlands. Funding for £284,000 will be received to fund a Cluster Development Manager who will work with local government, businesses, and academia, over three years, to coordinate space activity and encourage collaboration and inward investment in the Midlands. Other key partners involved in the project include the Manufacturing Technology Centre (MTC), the University of Birmingham and the University of Nottingham, two of the universities working in the Midlands Innovation Space Group.</p>	
6.17	<p><b>Skills Advisory Panel:</b> VH updated on the Skills Advisory Panel, which has linked skills and business in a highly effective way ensuring that partners are collaborating and working together in the LLEP region to delivery better outcomes than other areas. Dr Gareth Thomas was commissioned to work with the East Midlands Chamber and the LLEP to ensure there is a shared understanding of the economic picture between businesses and partners. VH also reported that there have been digital property projects which has resulted in a huge amount of refurbishment, where technology has been reused by people who have less access.</p>	
<b>7.</b>	<b>County Deal</b>	
7.1	JD reported that BEIS (Department for Business, Energy, and Industrial Strategy) has been restructured and she now works for the Department	

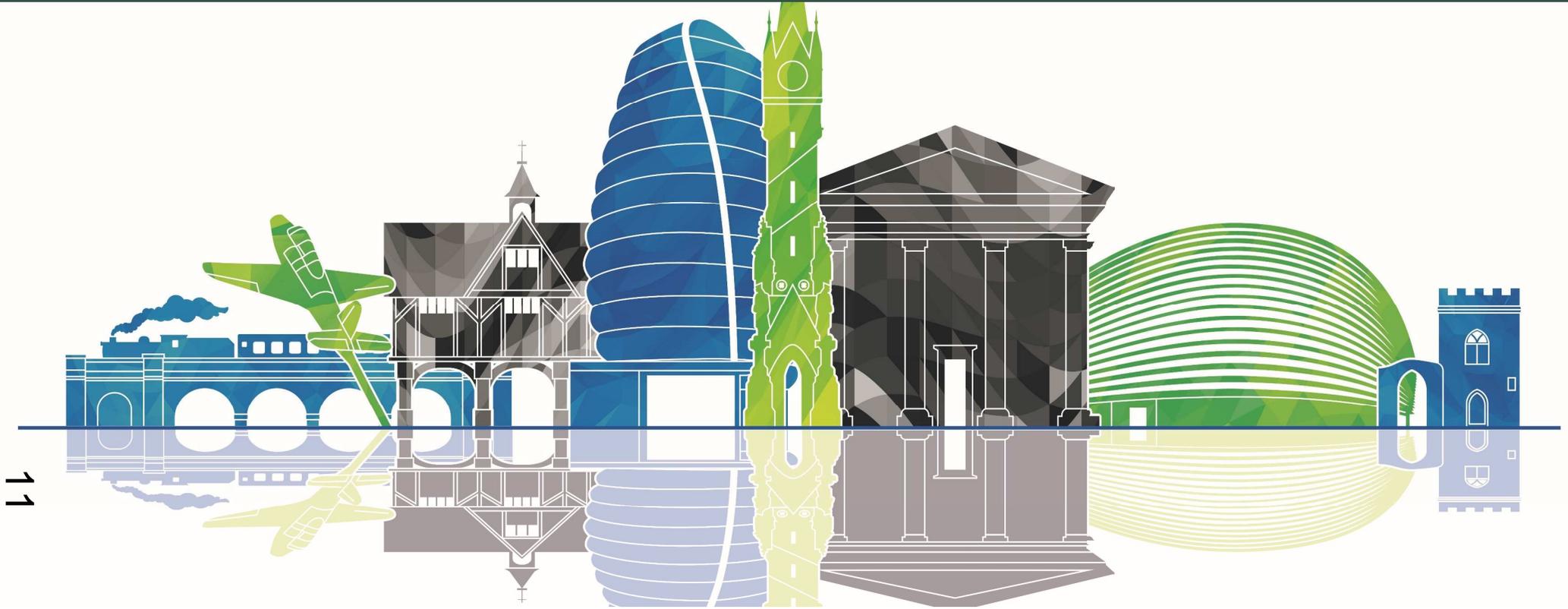
<u>Minute</u>		<u>Action</u>
	<p>for Business and Trade. JD also confirmed that the Growth Hub funding has not yet been announced.</p> <p>7.2 JD informed that the LLEP has met all the conditions identified in the areas of governance, strategy, and delivery. Although there is no formal date for the delivery plan, the Board and LLEP team were encouraged to continue the positive work.</p> <p>7.3 The Board also discussed the devolution piece and the progress made in Rutland. The Board members expressed concerns about the potential lack of funding for Leicester should they choose to remain outside the agreement but noted that the issue remains a priority.</p> <p>7.4 NK emphasized the need to keep the discussions alive surrounding the County Deal and make sure that their issues are heard and addressed by the government.</p> <p>7.5 SB shared the importance of educating businesses on the issues that the LLEP and the region are facing, to provide direction as the business voice using the available intelligence.</p>	
<p><b>8.</b></p>	<p><b>Growing Place Fund - Options</b></p> <p>8.1 EB provided an update on repurposing GPF. Since the last report presented in November, Elizabeth Botmeh and Andy Rose have spoken to three other LEPs, a local grant manager, a university, and a banker from the private sector.</p> <p>8.2 EB presented Paper C presented to the Board including various models of delivery, the board were asked to comment and approve a model to take forward.</p> <p>8.3 The Board was asked to note the inherent risks with any loan scheme. EB commented that during the research one provider had asked any potential loan applicants to provide appropriate due diligence at their own costs, which may be a model to emulate.</p> <p>8.4 The Board commented on suggested priorities and referred to the four pillars of the Economic Growth Strategy (EGS).</p> <p>8.5 EB commented that Increasing Productivity was an umbrella term that could be applied to the programme and cover the themes of the EGS.</p> <p>8.6 EB explained that the next steps would be to develop a scheme delivery plan for presentation at the Finance and Investment Committee.</p>	

<u>Minute</u>		<u>Action</u>
8.7	The Board were asked to email EB with comments and suggestions.	<b>All</b>
8.8	<b>AGREED:</b> Option 4 a hybrid / grant programme was to be developed into a scheme delivery plan for presentation to the Finance and Investment Committee.	
<b>9.</b>	<b>Scheme of Delegation</b>	
9.1	EB introduced Paper D, the Scheme of Delegation the paper and the accompanying appendix which sets out the approval process for all LLEP decisions.	
9.2	EB further highlighted that it was a requirement of the National Assurance Framework that all LEPs publish a scheme of delegation, and to date this LEP had not published one.	
9.3	AM recommended that the decision is put on hold, and the task is delegated to the Co-Chairs once the document had been reviewed.	
9.4	<b>AGREED:</b> The Board agreed to delegate the Scheme of Delegation paper to the Co-Chairs, and once the paper is approved it would be published on the website.	
<b>10.</b>	<b>Operational Budget 2022/23 Monitoring</b>	
10.1	CS discussed the current year operational budget noting that the forecasted income and spending was not too dissimilar from previous reporting.	
10.2	The Board were asked to note that funding from the Careers Enterprise Company was based upon an academic year, and although the income may appear to be high, the contractual spend must be completed before the end of August, rather than the fiscal year.	
10.3	CS further commented that income paid by the Accountable Body for interest on funds held had far exceeded the forecasted budget, due to the rises in the Bank of England base rate. The current payment model will be reviewed following discussions internally within the Leicester City Council (LCC), to ensure it is compatible with frequently changing base rates.	

Minute		Action
<b>11.</b>	<b>Operational Budget 2023/24</b>	
11.1	CS presented a six-month budget for 2023/24, which was based on current operational arrangements for the first six months of 2023/24, as requested. The Board were asked to note the inherent risks associated with this.	
11.2	The budget calculations were based on an assumed core funding from BEIS of £375k. However, since the report was written BEIS have confirmed funding of £250k, a reduction of 25% from last year, and overall, a 50% reduction from 2021/22.	
11.3	The forecasted budget showed a half-year deficit of £372k, however, the Board were reminded that this could be accommodated by reserves and funds earmarked from the GPF. Board was asked to consider whether they wish to continue funding the Careers Hub through matched funding, and the Growth Hub, if no Government funding was forthcoming.	
11.4	CS highlighted that over half of the team were employed on fixed-term contracts, which was due to end in March 2023, and proposed these be extended to the end of September 2023	
11.5	A general discussion was held on the steps required to secure the LLEP future, it was noted that any review would be subject to a full business case and consultation with staff.	
11.6	The Board commented on the need to understand the rationale for changing direction, provide evidence supporting any changes and the impact on stakeholders before making any critical decisions.	
11.7	It was noted that as the LLEP Team are impacted by any changes, it is essential to be mindful of the potential impacts especially if there is a need to reduce the workforce.	
11.8	AM proposed that the budget would be discussed further in a private session of the Board.	
11.9	<b>AGREED:</b> The Board agreed to extend staff contracts until the end of September 2023.	
<b>12.</b>	<b>Enterprise Zone – Charnwood Campus</b>	
12.1	CM updated the Board on the proposed investment of LLEP Enterprise Zone Retained Business Rates for the Charnwood Campus B28E/B21 - Small Molecule Research and Development Facility project. CM	

<u>Minute</u>		<u>Action</u>
	highlighted that an external project appraisal against Green Book principles had been undertaken and received positive feedback. The main concern raised had been around the certainty of the end-user for the building, however, confirmation of the status of investor discussions had been received and an Agreement to Lease was expected to be signed in March.	
12.2	CM informed that the next steps, as outlined in the paper, included identifying the business rate position. A high-level draft had been received from Charnwood Borough Council which showed that the funding requested could be underpinned by the forecast rates generation, but further detailed work was still needed.	
12.3	CM also shared that whilst an initial positive response had been received from Charnwood Borough Council regarding providing the forward funding for the project this still needed to go through their approval processes. Should Charnwood Borough Council decline, other local authorities would be approached which may have a negative impact on the length of the contracting process.	
12.4	CM noted that the investment request had come directly to Board and not gone through the Investment Panel. This was due to the time pressure on the project from the end-occupier meaning a quicker route to Board was required.	
12.5	<p><b>AGREED:</b> The LLEP Board agreed with the recommendations to:</p> <ul style="list-style-type: none"> <li>i. Note the project appraisal report from Dow Schofield Watts.</li> <li>ii. Approve investment of Enterprise Zone Retained Business Rates in the Charnwood Campus project subject to satisfactory completion of due diligence with delegated authority to Head of LLEP/LLEP Chief Executive regarding funding agreements.</li> </ul>	
12.6	Board was advised that an extraordinary Board meeting may be required before the next agreed date. This was due to changes in interest rates and business rates property re-evaluations relating to the previously agreed investment in three projects at Leicester Waterside EZ. Work was underway to understand any impact of these issues and further information would be made available to Board in due course. Post meeting note: The impact remains within reasonable parameters and hence an extraordinary meeting is not required.	
<b>13.</b>	<b>Tribute to Mandip Rai</b>	

<u>Minute</u>		<u>Action</u>
13.1	AR acknowledged the recent passing of previous Chief Executive Officer, Mandip Rai, and extended condolences to Mandip's family, colleagues, and friends.	
13.2	The chair acknowledged that this was a difficult time for all staff and encouraged members to make use of the counselling services provided by the City Council. The Board paid tribute to Mandip Rai, and the contribution he offered to the region.	
<b>14.</b>	<b>AOB</b>	
14.1	The chair thanked the members for their attendance and closed the meeting.	
<b>15.</b>	<b>Board members only</b>	
15.1	The session moved into a director only meeting. No officers from the LLEP or accountable body were present.	
15.2	<b>AGREED:</b> The Board agreed to approve the budget for first 3 months on the terms that review of activities (to align the ongoing activities against the financials, priorities, and contractual requirements) is set up and effectively executed with external consultant and internal team support and facilitation as a matter of urgency.	
15.3	<b>ACTIONS:</b> The Board agreed to the following actions: 1) To share Terms of Reference 2) To ensure internal leadership aligned to facilitate the execution of the project 3) Should there be delays in recruitment of external consultants due to LCC procurement processes, then LLEP to hire directors 4) To note approval of budget for 1st quarter of 23/24	<b>AM</b> <b>CS</b> <b>Board</b> <b>CS</b>



**LLEP Team Away Day**  
**27<sup>th</sup> March 2023**

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## Head of LLEP Report to Board

### 1. Purpose of Report

To provide the LLEP Board with an update on strategic activity and engagements.

### 2. Executive Summary

Since the February LLEP Board meeting, a number of Government announcements have impacted the work and future of the LLEP:

**Likely withdrawal of Government support for LEPs from April 2024:** 15<sup>th</sup> March, as part of the Spring budget there was an announcement from Government and a letter sent to all Leaders and LEP CEO's. (Please see letter appendix 1). The letter set out the Government's intention that LEP functions should be delivered by democratically elected local leaders in future; and the Government is minded to remove support for LEPs from April 2024. All LEPs have been asked to complete a LEP Future Funding questionnaire, which is focussed on the implications of ending the core funding from the Government and how LEP activities might change, cease or be transferred. Responses were initially due by 14 April, however this has been extended to 19 May. The draft questionnaire response for the LLEP is an item elsewhere on the Board's agenda.

**Core Funding 2023/24:** 17<sup>th</sup> March, a letter confirming that the LLEP's core funding for 2023/24 would reduce from the 2022/23 allocation of £375,000 to £250,000 (Please see letter appendix 2)

**Growth Hub Funding:** Following an earlier letter regards national funding, on 13<sup>th</sup> March a further letter was received from the Department of Business and Trade advising a small increase to funding for the Growth Hub. Some £298,250 is awarded to the LLEP for 2023-2024. (Please see appendices 3-5)

**CEC Careers Hub contract:** An outline grant description has been received from the Careers and Enterprise Company, for the academic year 2023/24 starting in September (please see letter appendix 6). The project would continue to require substantial match funding and is a significant contract that would extend beyond April 2024. The future arrangements nationally are being considered in the light of the likely changes to LEPs as referenced above. Further discussions and consideration will therefore be required.

### **3. Head of LLEP objectives**

The interim Head of LLEP role helps to cover responsibilities and duties previously managed by the LLEP Chief Executive. The Head of LLEP has since led the LLEP team, working with Leadership Management Team to deliver against five objectives: 1 The LLEP Team, 2. Economic Strategy and Delivery, 3. Communications, 4. Funding, 5. Engagement and Partnership Working. Key points of delivery are set out in this report.

### **4. Delivery against objectives**

#### **4.1 LLEP Team**

The LLEP team continue to maintain a 'business as usual' approach despite the uncertainty of funding and diminishing team resource.

LLEP team morale has understandably been impacted by the ongoing uncertainty around funding and the future of the LLEP, Careers Hub and Growth Hub. In order to help address this, a team awayday took place at College Court on 27<sup>th</sup> March. The purpose was to provide the team with an opportunity to have a voice and feel empowered by the successes to which they have contributed over the past 12 years. The incoming LLEP Director joined over lunch, which was much appreciated by the team. A presentation will be given to the Board by consultant Martin Coats who facilitated the awayday, highlighting the key findings. These should help to inform the Board and other stakeholders in reaching decisions relating to future activities.

The LLEP team continue to be very busy. The two new business support programmes, Made Smarter and Create Growth, are both ahead of target. The Ambition to Grow programme is drawing to a close and has met all anticipated outputs.

The Growth Hub Comms officer left in January and we have subsequently contracted with the East Midlands Chamber for the services of the existing ERDF comms officer and front-line business support officer. Both officers are familiar with the LLEP, Growth Hub systems, projects and programmes. These will be a key role as the Growth Hub moves forward to be a triage service.

Head of Skills, Stewart Smith, has returned to Leicestershire County Council as his secondment to the LLEP has concluded. Interim arrangements have been put into place.

#### **4.2 Economic Strategy and Delivery**

##### Growth Hub

The Business Gateway Growth Hub provides a single point of access for businesses to signpost to appropriate support. In June 2023, ERDF funding will come to an end. The replacement UKSPF has been awarded directly to district councils and Leicester City Council. The provision being tendered by the districts is very limited with each district requirement being different. The confirmation of Government funding for the Growth Hub (referenced above) will, however, enable the continued delivery of a LLEP Growth Hub baseline service across City and County for the remainder of 2023/24. This will include the

Business Gateway Growth Hub national brand and outward facing offer; the Business Gateway website; a triage telephone help desk/ email referral, signposting to a range of offers delivered by public and private sector partners; an online support finder, allowing businesses to self-serve; webinars and workshops in conjunction with private sector providers; engagement with regional innovation projects; data and business intelligence; partnership working; and skills support.

#### Business Support Events

A range of Business Gateway business support events and webinars have been delivered throughout the period. The two largest events were the Leicestershire Innovation Festival 2023 and How to Survive and Thrive in Business 2023.

- The Innovation Festival was the fifth annual event and saw the highest attendance to date. The festival included a visit to Space Park Leicester by Innovate UK CEO Indro Mukerjee, where he met Dr Nik Kotecha and members of the Innovation Board. The festival generated significant regional media interest and much support from Innovate UK's central comms function. There were 67 media cuttings and 23 posts from official Innovate UK brand social media channels.
- The How to Survive and Thrive in Business 2023 Event at the Morningside Arena was designed for SMEs looking for tools, tips and information to keep on track to succeed in difficult times. A range of private and public sector partners combined to deliver this topical event.

#### New Santander business support product offer

The LLEP has joined forces with Santander to offer an exclusive package of products to local exporting businesses. Export was identified as key challenge in latest LLEP business survey. Local businesses will gain free access to Santander Navigator, a digital portal for all exporting businesses - from start-ups through to seasoned exporters managing complex shipments. We are the first LEP to do this.

#### Careers Hub

The Careers Hub hosted a roundtable with the Minister for Skills, Apprenticeships and Higher Education (Robert Halfon), chaired by Nicky Morgan. The Minister met with Cornerstone employers, apprentices and young people working with the LLEP Hub, and heard first-hand about the local projects supporting disadvantaged and SEND young people. The Minister publicly commended the work of the LLEP Hub at the Education Select Committee in Westminster.

75.8% schools and colleges have a stable careers programme in place as a direct result of support from the Hub. The national average is 56%. This is the most challenging target for Hubs to meet nationally.

Careers Leaders from schools and colleges across the region attended a CPD 'masterclass' event at the National Space Centre on helping them to evaluate their careers education programmes and improve outcomes for our young people.

The considerations regards the future provision and funding of the Careers Hub, in the context of funding constraints and the future of LEPs, are referenced in the Executive Summary.

#### Enterprise Zones

The second round of EZ Steering Group meetings for 2023 have commenced. Action Plans for each site have been created and will be reviewed by the EZ Steering groups. These plans will allow ownership and resources to be allocated and progress monitored effectively.

Contract negotiations regarding both the funding agreement with Charnwood Borough Council and grant agreement with Charnwood Campus are underway, supported by the Accountable Body. Contracting on the MoU's with Leicester City Council relating to the Dock3, A6 Improvements and A50 Improvements projects are approaching finalisation.

The Place Marketing Accelerator Project is on-track and entering the last stages of delivery. Officers worked with the Place Marketing team on the successful launch of Space City Leicester.

### **4.3 Communications**

Some 15 press releases have been issued over the three-month period, resulting in 245 media mentions across online news, print, and broadcast. Of these, 241 were positive or neutral. Coverage volume over the period was well ahead of neighbouring LEPs, although behind the East Midlands Chamber. There have been 16,705 Bitly clicks tracked to LLEP platforms since February 2022. The total increased by 45% over the last quarter.

A brand and narrative have been developed for Innovative Leicestershire, as commissioned by the Innovation Board. A new brochure website was created at low cost to describe the LLEP's work and signpost to partner services. This went live in February to coincide with the launch of the Innovation Festival. It has had over 400 visitors to date and around 20 people have used it to approach the LLEP about getting involved in local innovation. The LLEP is identified as an innovation leader.

The new Create Growth programme website, led by the LLEP, was one of the first regional websites to go live. Banners and other marketing collateral have been provided to partners and mailing lists developed.

### **4.4 Funding**

The LLEP team continue to think and work creatively to identify new ways of working and identify new potential funding opportunities.

### **4.5 Engagement and Partnership Working**

A large part of the Head of the LLEP role is to raise the profile of the LLEP. There have been numerous meetings throughout the period including the LEP Network, DBT local, Enterprise Zone meetings, events such as the Innovation Festival launch and Awards and the Leicester Space City Launch, the Local Skills Improvement Plan (LSIP) meeting and the Low Carbon Energy Hub.



## Department for Levelling Up, Housing & Communities

Lee Rowley MP

Parliamentary Under-Secretary of State for Local  
Government and Building Safety  
2 Marsham Street  
London  
SW1P 4DF

To the Leaders and Chief Executives of all Local  
Authorities in the United Kingdom

15 March 2023

*Dear Leaders and Chief Executives,*

Levelling up the United Kingdom is at the heart of our ambition as a Government. The Chancellor has today announced a package of measures in his Budget which put power and money in the hands of our cities, towns, counties and rural and coastal areas. I write today to provide an update for local government and to highlight how this progress supports the continuing mission to level up the country and fulfil the aims of the Levelling Up White Paper.

### Devolution and local economic growth institutions in England

We have concluded our negotiations with the Mayors of Greater Manchester and the West Midlands on "trailblazer" deeper devolution deals, subject to ratification. These deals mark a new chapter for English devolution and further progress in delivering our 2030 Levelling Up Mission on local leadership. They transfer more control and influence over the levers of economic growth and levelling up to local, empowered, and accountable leaders in England's second city regions.

We have agreed a trailblazing package, including a single departmental-style settlement, 10-year retention of business rates, devolution of post-19 skills funding and functions, and control of the affordable homes programme outside London for the first time ever. This will enable the mayors and local authority leaders to grow the economies of Greater Manchester and the West Midlands, for the benefit of local residents and businesses.

These deals will act as a blueprint for deepening devolution elsewhere in England. We will begin talks with other Mayoral Combined Authorities on deeper devolution this year. The Government will set out more on plans for those talks soon.

We are continuing to work with places to implement the new devolution deals signed in 2022, and to invite new areas to come forward with proposals, as we progress towards our Levelling Up mission for every area of England that wants one to have a deal by 2030.

Through this work, we will empower places to take control of their own destinies. But with power must come accountability. We have published an English Devolution Accountability Framework, which sets out clear and robust arrangements to ensure that decision-makers in areas with devolution deals are accountable to their residents and deliver value for money.

The Chancellor also today announced plans to expand the local retention of business rates to more areas in the next Parliament and will work closely with interested councils to achieve this. Though some way off, I expect this to be a welcome change and there is much work that we will now be doing to prepare for that.

### Local Enterprise Partnerships (LEPs)

I know that there have been calls for clarity regarding the future of Local Enterprise Partnerships funding for some time.

The Government is committed to empowering local leadership at every opportunity. To this end, the Government intends for the functions of Local Enterprise Partnerships to be delivered

by democratically elected local leaders, where appropriate in the future. Therefore, the Government is minded to withdraw central government support for Local Enterprise Partnerships from April 2024. The Department for Levelling Up, Housing and Communities and Department for Business and Trade will now consult on these proposals, before confirming a decision. The Government will publish an updated policy position to confirm next steps by summer 2023.

### Investment Zones

The Budget also provides further information on Investment Zones.

The Government has announced plans to enter discussions with places to host 12 high growth Investment Zones across the UK, each backed by £80 million over five years including generous tax incentives, bringing opportunity into areas which have traditionally underperformed economically. Investment Zones will be clustered around research institutions such as universities and will be focused on driving growth in the UK's key sectors: digital and technology, creative industries, life sciences, advanced manufacturing and green industries.

Eight places in England have been shortlisted to host Investment Zones, with the intention to agree plans with local partners by the end of the year. The eight places are those covered by: the proposed East Midlands Mayoral Combined Authority; Greater Manchester Mayoral Combined Authority; Liverpool City Region Mayoral Combined Authority; the proposed North East Mayoral Combined Authority; South Yorkshire Mayoral Combined Authority; Tees Valley Mayoral Combined Authority; West Midlands Mayoral Combined Authority and West Yorkshire Mayoral Combined Authority. An explanation of the methodology used to identify these places has been published on gov.uk.

The Government is also working closely with the devolved administrations to establish how Investment Zones in Scotland, Wales and Northern Ireland will be delivered, which will account for the four final locations.

### Levelling Up Partnerships (LUPs)

Levelling Up Partnerships will bring the collective power of Government to provide bespoke place-based regeneration in an initial twenty of England's areas most in need of levelling up over 2023-24 and 2024-25.

The following 20 places will be invited to form initial Levelling Up Partnerships over 2023-24 and 2024-25: City of Kingston upon Hull, Sandwell, Mansfield, Middlesbrough, Blackburn with Darwen, Hastings, Torbay, Tendring, Stoke-on-Trent, Boston, Redcar and Cleveland, Wakefield, Oldham, Rother, Torridge, Walsall, Doncaster, South Tyneside, Rochdale, and Bassetlaw. Our starting assumption is that we will work with the largest urban area within these local authorities, unless there is a strong rationale for choosing somewhere else.

These places have been selected based on the analysis in the Levelling Up White Paper which considered places in England against four key metrics: the percentage of adults with Level 3+ qualifications; Gross Value Added (GVA) per hour worked; median gross weekly pay; and healthy life expectancy. Geographic spread has been considered to make sure regions across England benefit from the programme. The methodology used to identify the 20 places has been published on gov.uk. We want to explore delivering this programme in Scotland, Wales and Northern Ireland, and will consult with the Devolved Administrations.

### Mayoral Capital Investment

To give mayors the resources they need to level up their areas, the Government has also provided a further £161 million for high-value capital regeneration projects in city regions across England, including business premises and food science facilities in Tees Valley, and unlocking investment in a research campus in the Liverpool City Region. The funding will support delivery of 32 projects, and a list of these has been published.

### Capital Levelling Up Bids

Following the second round of the Levelling Up Fund (LUF), in which the full £2.1 billion LUF was awarded, the Department for Levelling Up, Housing and Communities is using unallocated departmental budgets to fund, subject to subsidy checks, three further bids which narrowly missed out. These are in Sefton, Rossendale and Stockport local authorities, and are worth just under £58 million in total. Further detail on this is outlined in the Accounting Officer Assessment for Capital Levelling Up Bids.

### Capital Regeneration Projects

Since the conclusion of the Levelling Up Fund round two, the Department for Levelling Up, Housing and Communities has identified further funding to support regeneration and town centre bids that were made into the Fund. The Government is announcing grants for 16 projects that can start to spend and deliver quickly across England, worth a combined £211 million. These projects, subject to subsidy checks, are located in the following local authorities: Blackburn with Darwen, Blackpool, East Suffolk, Kirklees, London Borough of Waltham Forest, North East Lincolnshire, Northumberland, Redcar and Cleveland, Rotherham, Salford, Sandwell, Tameside, Telford and Wrekin, Tendring, Wigan and Wolverhampton. Further detail on the selection process is outlined in the Accounting Officer Assessment for Regeneration Projects.

### Community Ownership Fund

To empower local people to save community assets that matter most to them, the Government has announced 30 more projects across the UK that will benefit from the Community Ownership Fund. These projects will receive a total of £7.73 million in funding, bringing the total number of assets to 98 and our overall investment to £23.9 million for neighbourhoods right across the United Kingdom. The list of successful projects has been published on GOV.uk.

### Other measures

To support local authorities to continue to deliver their existing development plans and bring forward new council housing supply, HM Treasury will be offering a new preferential Public Works Loan Board borrowing rate for council housing activity through the Housing Revenue Account from June 2023.

In an extension of our support for Ukrainians fleeing the war who have arrived in the UK under the Ukraine Visa Schemes, the Government is providing £11.5 million to offer intensive English language courses and employment support to up to 10,000 individuals. This new funding is expected to boost the number of Ukrainians entering the labour market for the first time, as well as helping those already employed into higher-skilled roles.

To stimulate new housing supply and unlock development that would otherwise be stalled due to high levels of nutrient pollution, we will announce a call for evidence (CfE) from affected local authorities on nutrient neutrality credit scheme opportunities. Where high quality nutrient-credit schemes are presented, this Budget will provide investment to accelerate their delivery and unlock housing supply.

I trust that this is helpful in outlining the measures being taken to support the work of local authorities and we look forward to seeing the positive outcomes of the announcements today.

Yours ever,

  
**LEE ROWLEY MP**





Department for Levelling Up,  
Housing & Communities

**Dehenna Davison MP**  
*Minister for Levelling Up*  
2 Marsham Street  
London  
SW1P 4DP



Department for  
Business & Trade

**Kevin Hollinrake MP**  
*Parliamentary Under Secretary of  
State for Business and Trade*  
Old Admiralty Building  
London  
SW1A 2DY

17<sup>th</sup> March 2023

Dear LEP Chairs, Combined Authority Mayors, the Mayor of London, and all Local Authority leaders,

## **FUTURE FUNDING AND INFORMATION GATHERING EXERCISE: LOCAL ENTERPRISE PARTNERSHIPS (LEPs)**

Following the announcement regarding the future integration of LEPs in the Levelling Up White Paper last year, Government announced LEPs would be granted £375,000 in core funding for the financial year 2022/23. To provide clarity and certainty to LEPs and local democratic institutions, officials wrote to LEP and MCA Chief Executives on 14<sup>th</sup> February 2023 to confirm core funding for the financial year 2023/24 at a reduced rate of £250,000.

LEPs have played a vital role since 2011 in bringing together businesses and local leaders to drive economic growth across England. Over three rounds of the Local Growth Fund, LEPs have allocated a total of £7.1 billion to projects promoting dynamic economic growth and a further £900 million under the Getting Building Fund. We are hugely appreciative of all the time LEP Board Members and staff have provided in advising local decision makers and supporting businesses through the challenges of the global pandemic and EU exit.

Through operating the network of Growth Hubs, LEPs have helped bridge the gap between national and local business support, convening key players and deploying funding from a wide range of sources, ensuring that businesses can get the right advice and support at the right time in their business journey, with an offer shaped to fit local needs. Many LEPs have played integral roles in the success of regional Investment Funds, delivered with the British Business Bank, which have helped many businesses access vital debt and equity finance to meet their growth ambitions. We are also hugely appreciative of the role some LEPs have played over the last year in areas such as brokering Devolution Deal negotiations and helping Local Authorities to prepare Investment Zone bids.

That said, the Government remains committed to integrating LEP functions into local democratic institutions. Since the publication of the Levelling Up White Paper, we have made strong progress on extending devolution in England. As such, and as announced by the Chancellor in the Spring Statement this morning, the Government is minded to cease core funding beyond 2023-24.

We will work with local areas to determine how the functions currently undertaken by LEPs are best delivered at a local level in future, where appropriate and where they are not already delivered by a Combined Authority. In addition, to minimise any disruption for LEPs, the areas

they support, and the delivery of Government programmes, we are today launching a four-week information gathering exercise to gain a fuller understanding of the implications of this funding change. This work will be led for Government by the Department for Levelling Up, Housing and Communities – working closely with colleagues in the Department for Business and Trade and His Majesty’s Treasury.

Our officials will provide you with access to a questionnaire that will be used as part of the exercise. If you have any questions regarding this process, please contact [lepinformation2023@levellingup.gov.uk](mailto:lepinformation2023@levellingup.gov.uk).

Following the exercise, Government will notify LEPs and all local and combined authorities of the outcome and our final decision.

We look forward to working with you and welcome your full participation in the information gathering exercise.

With every good wish,



**Dehenna Davison MP**

*Minister for Levelling Up, Department for Levelling Up, Housing and Communities*



**Kevin Hollinrake MP**

*Parliamentary Under Secretary of State, Department for Business and Trade*



Department for  
Business & Trade

*Department for  
Business and Trade*  
Apex Court, City Link,  
Nottingham, NG2 4LA

13 March 2023

Dear LEP Chief Executive / MCA Chief Executive

**CONFIRMATION OF FUNDING FOR GROWTH HUBS - 2023/2024**

I am pleased that I can now confirm funding for Growth Hubs in 2023/2024. I appreciate the uncertainty and difficulties that the late notification has caused within the network and hope this confirmation is welcome.

I'd also like to take this opportunity to thank you and your teams for the work that you have done this year. Your ability to provide direct support and respond to the needs of businesses remains valued by Government.

I can confirm that the Secretary of State for Business and Trade has agreed core funding for Growth Hubs of up to £12m for 2023/2024.

Given the important role they provide, I'd also like to confirm that we will continue to provide funding for the Cluster Leads network and Greater Manchester's co-ordinating role will continue to be provided at the current level of £40,000 per annum.

Grant agreements will again be based around conditions of funding, with minimum core provision that we would expect to be delivered under the core funding allocation. There will remain an element of flexibility for LEPs/MCAs in the ways core funding can be used, how it can tailor with local priorities and how it can dovetail with broader services the LEP/MCA seek to provide through its Growth Hub. Once again, we would strongly encourage partnership working within clusters and across the network to both maintain the strength and coherence of the network, and to aid economies of scale. This will be detailed in the grant offer documents.

Where the LEP has integrated its functions into an MCA by April 2023, the relevant MCA will be the recipient of the 2023/2024 core funding.

We will write to you and your Accountable Bodies again as soon as we can setting out individual allocations and to commence the grant awarding process which as in the past will be for one financial year.

If you have any immediate questions, please contact [Growth.hubs@beis.gov.uk](mailto:Growth.hubs@beis.gov.uk).

Kind regards

A handwritten signature in cursive script, appearing to read 'R. Limb', with a horizontal line underneath.

Rowena Limb

Director, Cities and Local Growth Unit



Department for  
Business & Trade

**Department for  
Business and Trade**  
Apex Court, City Link,  
Nottingham, NG2 4LA

29 March 2023

Dear LEP Chief Executive / MCA Chief Executive

**ALLOCATIONS OF GROWTH HUBS FUNDING - 2023/2024**

I wanted to follow up on my letter of 13 March 2023 confirming that the Secretary of State for Business and Trade had agreed core funding for Growth Hubs up to £12m for 2023/2024. I can now share with you the 37 individual allocations – please see the attached annex. All LEPs/MCAs will see an increase in their funding against that received in 2022/2023, with a total allocation of around £11.9 million.

As part of the process, we have taken this opportunity to ensure all allocations have at least funding of £261k, as well as reflect planned changes to Growth Hub delivery arrangements in the West Midlands and Warwickshire. This means that the allocations to those two areas are provisional at present and subject to ongoing discussions.

As noted in my earlier letter we will seek to begin the grant offer process and provide the necessary paperwork for 2023/2024 as soon as is possible.

If you have any immediate questions, please contact [Growth.hubs@beis.gov.uk](mailto:Growth.hubs@beis.gov.uk).

Kind regards

Rowena Limb

Director of Areas

Department for Business and Trade

Annex

LEP/GH	2022/23 £11m	2023/24 up to £12m
	(inc £40k to cluster leads and national co-ordinator in red)	
Black Country	231,000	
Buckinghamshire Thames Valley	231,000	261,000.00
Cheshire & Warrington	231,000	261,000.00
Coast 2 Capital	268,250	298,250.00
Cornwall & Isles of Scilly	271,000	301,000.00
Coventry & Warwickshire	271,000	
Cumbria	231,000	261,000.00
D2N2	350,000	380,000.00
Dorset	231,000	261,000.00
Enterprise M3	308,250	338,250.00
Gloucester & Gloucestershire	271,000	301,000.00
Greater Birmingham & Solihull	350,000	
Greater Cambridge & Peterborough	268,250	298,250.00
Greater Lincoln & Lincolnshire	286,625	316,625.00
Greater Manchester	390,000	420,000.00
Heart of the South West	268,250	298,250.00
Hertfordshire	268,250	298,250.00
Hull & E Yorks	215,375	261,000.00
Lancashire	268,250	298,250.00
Leeds City Region	390,000	420,000.00
Leicester & Leicestershire	268,250	298,250.00
Liverpool City Region	390,000	420,000.00
London	440,000	470,000.00
New Anglia	268,250	298,250.00
North East	390,000	420,000.00
Oxford & Oxfordshire	231,000	261,000.00
Sheffield City Region	350,000	380,000.00
Solent	268,250	298,250.00
South East	445,000	475,000.00
S E Midlands	308,250	338,250.00
Stoke & Staffordshire	268,250	298,250.00
Swindon & Wiltshire	231,000	261,000.00
Tees Valley	231,000	261,000.00
Thames Valley Berkshire	231,000	261,000.00
The Marches	231,000	261,000.00
Warwickshire GH/LEP		261,000.00
WMCA		420,000.00
West of England	350,000	380,000.00
Worcester & Worcestershire	231,000	261,000.00
York & N Yorkshire	268,250	298,250.00
<b>Totals</b>	<b>11,000,000</b>	<b>11,894,625</b>

# Paper C - Apx5

	<b>Growth Hub</b>	<b>Name of Accountable Body</b>	<b>Allocation 2023-2024 upto £12M (inc cluster £40K in blue)</b>
1	Coast to Capital	Brighton and Hove City Council	298,250.00
2	Buckinghamshire Business First	Buckinghamshire Council	261,000.00
3	Greater Cambridge and Greater Peterborough	Cambridge & Peterborough Combined Authority	298,250.00
4	Cheshire and Warrington	Cheshire East Council	261,000.00
5	Cornwall and IOS	Cornwall Council	301,000.00
6	Cumbria	Cumbria County Council	261,000.00
7	D2N2	Derbyshire County Council	380,000.00
8	Dorset	Dorset Council	261,000.00
9	South East	Essex County Council	475,000.00
10	Gloucestershire	Gloucestershire County Council	301,000.00
11	London	Greater London Authority	470,000.00
12	Greater Manchester	Greater Manchester Combined Authority	420,000.00
13	Enterprise M3	Hampshire County Council	338,250.00
14	Hertfordshire	Hertfordshire County Council	298,250.00
15	Hull and East Yorkshire	Kingston upon Hull City Council	261,000.00
16	Lancashire	Lancashire County Council	298,250.00
17	Leicestershire	Leicester City Council	298,250.00
18	Greater Lincolnshire	Lincolnshire County Council	316,625.00
19	Liverpool City Region	Liverpool City Region Combined Authority	420,000.00
20	SEMLEP	Luton Borough Council	338,250.00
21	North East	North of Tyne Combined Authority	420,000.00
22	York & N.Yorks	North Yorkshire County Council	298,250.00
23	Oxfordshire	Oxfordshire County Council	261,000.00
24	Solent	Portsmouth City Council	298,250.00
25	Thames Valley Berkshire	Royal Borough of Windsor and Maidenhead	261,000.00
26	Sheffield City Region	South Yorkshire Mayoral Combined Authority	380,000.00
27	The Marches	Shropshire Council	261,000.00
28	Heart of the South West	Somerset County Council	298,250.00
29	Stoke and Staffordshire	Staffordshire County Council	298,250.00
30	New Anglia	Suffolk County Council	298,250.00
31	Tees Valley	Tees Valley Combined Authority	261,000.00
32	Warwickshire	Warwickshire County Council	261,000.00
33	WMCA	West Midlands Combined Authority	420,000.00
34	West of England	West of England Combined Authority	380,000.00
35	Leeds City Region	West Yorkshire Combined Authority	420,000.00
36	Swindon & Wiltshire	Wiltshire Council	261,000.00
37	Worcestershire	Worcester County Council	261,000.00

**11,894,625.00**



## Grant Descriptions for 2023-24

*Circulation: To Skills Leads, Hub Leads; copied to Regional Leads*

**Version 0.1 Draft** - pending Grant Funding Agreement signing with Department for Education

*This document will be superseded by the Grant Offer Letter and Terms and Conditions 2023-24*

**This outline is to describe the anticipated types of funding we plan to make available under the 2023-24 Grant Funding Agreement. All details remain subject to change until the Department for Education and The Careers & Enterprise Company have signed the Grant Funding Agreement. This is expected to be by early April, at which point, Grant Offer Letters detailing individual Hubs' funding will be sent out.**

Please see below for next steps for Partners once Grant Offer Letters are issued.

## Strategic Priorities 2023-24

Our Strategic Priorities for 2023-24 are a refinement of the “co-ordinated actions” that underpin CEC’s current strategy. They reflect DfE’s and wider national priorities and we recognise that Hubs are already focusing on these areas:

- Priority 1: Improve careers provision in schools and colleges against the Gatsby Benchmarks through support, training for the education workforce and quality assurance
- Priority 2: Provide more high-quality experiences with employers for students and teachers – with a focus on current ‘cold spots’
- Priority 3: Amplify apprenticeships, technical and vocational routes – including supporting the implementation of the Provider Access Legislation (PAL)
- Priority 4: Target interventions for economically disadvantaged young people (Free School Meals (FSM)) and those who face barriers
- Priority 5: Connect careers provision in schools and colleges to the needs of local economies (as articulated through Local Skills Improvement Plans (LSIPs))

The Grant to Partners in 2023-24 is expected to be divided into 2 parts:

### **1. Core Funds allocated to all for 2023-24** – no application required

Core Funds will include:

#### **1.1. Staff salaries and on-costs**

Payments have historically been retrospective. We are inviting feedback on making salary payments in-quarter in 2023-24. The Q1 payment would be in September which would be paid with the first quarter’s instalment of the Hub Delivery Fund (see below). We would provide a template to complete of expected staff costs to be submitted at the start of September, as it’s anticipated that there could be some variation from the forecast provided in May with the Grant Acceptance Letter.

*Last amended 1<sup>st</sup> March 2023*

20<sup>th</sup>

Payments for subsequent quarters would be reconciled against the actuals submitted by each Hub quarterly on the existing reporting cycle of 6 weeks after the end of each quarter. Please send any feedback on this to [lepinfo@careersandenterprise.co.uk](mailto:lepinfo@careersandenterprise.co.uk) by March.

#### **1.1.1. Match Funding**

- We will continue to have a match-funded model, where Hub Leads are fully funded by CEC and Enterprise Coordinators (ECs) are match-funded 50/50 between CEC and Partners
- Funds that are provided by CEC are unable to be used to cover a Partner's 50% match funding

#### **1.1.2. Roles**

- All Hubs with at least 40 institutions are expected to have a Strategic Hub Lead in 2023-24
- Operational Hubs Leads are funded on the basis of an additional Operational Hub Lead for every increment of 75 institutions in 2023-24
- Staffing numbers are calculated based on caseloads of 20 for ECs and 5 for Operational Hub Leads. From September 2024 calculations will be based on caseloads of 25 for ECs
- The total funding for ECs includes all EC types (ie current EE ECs or SECs). Increased funding will be allocated should you have an existing Senior EC. It is assumed that Senior ECs will have caseloads of 20. New Senior ECs must not be appointed.
- EE ECs' skills are considered essential to the long-term generalist EC role, and therefore we will not be pursuing a separate workforce of EE ECs but mainstreaming this work.
- A new Job Description for any new EC recruits will be provided with the Grant Offer Letter. It is your prerogative to retain an EC exclusively for employer engagement by using flexibility within your funding as outlined below.
- In deciding how you wish to allocate your EC budget, there is flexibility for you to:
  - Employ additional roles above the number of ECs in the Grant Offer Letter (using the job descriptions provided for ECs and Project Officers) within the maximum funding available
  - Employ fewer roles provided caseloads of 30 aren't exceeded
  - Award EC salaries within a broader salary range provided guidance on caseload sizes is adhered to and maximum funding isn't exceeded (please refer to salary guidelines in the Terms and Conditions which will be sent with the Grant Offer Letter)
  - Vary your caseload sizes up to 30 to enable a dedicated EC with an employer engagement focus, to operate in the team without a caseload

#### **1.1.3. Managing your Staff Funding**

- Funding that is not used in quarter cannot be transferred to a subsequent quarter
- You can transfer up to 10% of Hub Delivery Fund to core staffing where a business case to do so is approved by an Area Manager, or equally, you can transfer up to 10% of staff funding to the Hub Delivery Fund within the parameters of caseload size and recommended salary guidelines
- As long as there is a Strategic Hub Lead in post, it is acceptable for unused funds from the maximum available (based on FTE) to be moved from the Hub Lead funding allocation to the ECs' match-funding from CEC provided that this is done in quarter.

*Last amended 1<sup>st</sup> March 2023*

Funding cannot be carried to a subsequent quarter. To protect our investment in leadership, no more than 25% of the overall Hub Lead funding can be diverted to ECs

- For example, if the amount of funding allocated to a Hub Lead is based on a 0.8 FTE but the full 0.8 FTE salary is not being used by the Hub Lead, up to 25% of this can be moved to an EC role that requires additional funding. Any funds moved to an EC role must continue to be match funded by the Partner organisation.

For your core staff funding, we will ask for a forecast of the staffing that your organisation will be able to match fund, with (projected) salary details. This will be needed to complete the Grant Acceptance Letter (expected to be at the end of May).

## 1.2. Hub Delivery Fund

This funding will enable all Hubs to improve careers provision in schools and colleges and deliver upon the following **strategic priorities**:

- Provide more high-quality experiences of the world of work for students (c30% of funds)
- Amplify apprenticeships, technical and vocational routes (c30% of funds)
- Target interventions for economically disadvantaged young people (Free School Meals (FSM)) and those who face barriers (c30% of funds)
- Local Priorities – this may include for example, general Benchmark improvement (c10% of funds)

The purpose of these funds is to deliver what we know works, strengthening the evidence base of specific types of interventions and activities. Although there will naturally be learning and testing, this fund is not focused on innovation.

Our guidelines are that approximately 30% of your Hub Delivery Fund should be allocated to each of these 3 priorities, with a further 10% of the Fund available for other local priorities. We would ask for an outline of your spending plans at the Grant Acceptance Letter stage, and a detailed plan with the Strategic Hub Plan at the start of September. Should your distribution of the funding vary significantly from guidelines, please provide a rationale for your allocation of spend.

Frameworks for the first three of the priority areas above will be provided during the summer term.



Methodology for calculating Hub Delivery Fund:

- Number of Hub schools and colleges as at 1<sup>st</sup> Sept 2023 (a forecast is used at the Grant Offer stage) + “disadvantage premium”  
Disadvantage premium is based on the Hub schools in the upper 50% for proportion of Free School Meals
  - Baseline of £500 per Hub school and college
  - Hubs receive enhanced funding based on the number of schools in the upper quartile for % of Free School Meals (calculated as £400 additional funding per Hub school)
  - Hubs receive additional funding based on the number of schools in the third quartile for % of Free School Meals (calculated as £200 additional funding per Hub school)

## 2. Development Funds – focus on innovation and testing – optional to apply for

These Funds will be optional to apply for at different times during the academic year. Funding will be awarded on a competitive basis. They are intended to enable Hubs to test, or to define or scale something that has already been tried but still requires further testing or development. What is important is that it gets us closer to understanding what works and why.

There will be a two stage process for funding starting with an expression of interest (EOI) which sets out at a high level an outline of what you wish to learn and how you envisage the delivery. We will not require a detailed proposal at the initial stage. Some will be selected to move forward to submitting a full application.

*Last amended 1<sup>st</sup> March 2023*

### 2.1. Development Funds may include:

- Innovation projects relating to NEET prevention
  
- Teacher Encounters  
We recognise that to embed the most effective practice in education, Teacher Encounters need to continue to be tested. CEC will use the evaluations from the current year's projects to inform guidelines for best practice going forward. More information can be found here: [1589 - Teacher encounters framework Final designed.pdf \(careersandenterprise.co.uk\)](#)

### 3. Next Steps for Partners

Please discuss the guidelines and information shared in this document with your Regional Lead and Area Manager.

Frameworks are being developed for each of the three strategic priorities that underpin the Hub Delivery Fund to guide this work. CEC will provide these with the Grant Offer Letter. In preparation for completing the Grant Acceptance Letter, please consider:

- The programme of work you'd be likely to invest in across the key areas of:
  - Experiences of the world of work
  - Amplifying apprenticeships and technical routes
  - Positive destinations
  
- Using the additional Hub Delivery Fund allocated in relation to your level of Free School Meals, your use of funds needs to demonstrate the impact on those facing barriers. This is a consideration for each of the 3 strategic priorities above and evidence of effective use of these funds to tackle disadvantage will be required.
  
- Any staffing requirements to deliver on the programme of work, above core staffing, could potentially be funded or part-funded from the Hub Delivery Fund.
  
- Opportunities to collaborate with other Hubs in order to achieve staffing / other efficiencies or create greater impact are encouraged.

We will issue a final document for electronic signature once any queries on the Grant Acceptance Letter have been resolved. This is expected to be no later than July.

### 4. Timeline

Action by	Milestone	When
CEC	Description of the Grant and strategic priorities shared with Skills Leads and Hub Leads	March
CEC	Grant Offer Letter (dependent on GFA signing with DfE)	April

*Last amended 1<sup>st</sup> March 2023*

Partners	Grant Acceptance Letter to be returned, detailing plans for Hub Delivery Fund spend against the strategic priorities	May
CEC	CEC to raise any queries with Partners regarding funding allocation of Hub Delivery Fund as detailed in Grant Acceptance Letter	June
CEC	Confirmation of core Grant to be awarded (Grant Acceptance Letter signing)	July
Partners	Submit a breakdown of expected staff costs for September – December	4 <sup>th</sup> September
Partners	Submit a Strategic Hub Fund and Fund Spending Plan for 23-24	11 <sup>th</sup> September
CEC	First payment of Hub Delivery Fund and Sept-Dec salaries	Late September
Partners	Opportunity to apply for Teacher Encounters funding	November
CEC	Confirmation of award of Teacher Encounter funding	December
Partners	Delivery of Teacher Encounters commences	January

*Last amended 1<sup>st</sup> March 2023*



## **LLEP BOARD OF DIRECTORS**

**19 APRIL 2023**

### **Information and for Comment Paper**

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## **LLEP FUTURE FUNDING QUESTIONNAIRE**

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### **1. PURPOSE OF REPORT**

- 1.1 To inform the Board of the recent Government launched information gathering exercise based on their intention to cease core funding for LEPs, and to seek any comments on the draft response.

### **2. EXECUTIVE SUMMARY**

- 2.1 The Government has announced that it is minded to end core funding for Local Enterprise Partnerships (LEPs) from April 2024, as part of the wider work to deliver devolution. This is a significant decision that will have a major impact on the way that the LLEP operates and its activities are delivered in the future.
- 2.2 A response to the Future Funding Questionnaire has been drafted by officers. The revised submission deadline is 19 May 2023.

### **3. RECOMMENDATION**

- 3.1 The Board is recommended to note the contents of the questionnaire, consider responses prepared and make any comments.

### **4. BACKGROUND INFORMATION**

- 4.1 Following the announcement regarding the future integration of LEPs in the Levelling Up White Paper last year, the Government recently announced they are minded to end LEP core funding from April 2024. Note that core funding has gradually been reduced since 2022/23.

- 4.2 The Government acknowledged that LEPs have played a vital role since 2011 in bringing together businesses and local leaders to drive economic growth across regions. However, the Government remains committed to integrating LEP functions into local democratic institutions.
- 4.3 On the 17<sup>th</sup> of March an information gathering exercise was launched to look at the impact of its intention to end LEP core funding. Government is particularly interested in how activities currently carried out by LEPs might change, cease, or be transferred – depending on local plans.
- 4.4 The response prepared so far is largely factual based on current work streams. However, consideration needs to be given to the future of the LLEP and whether it will cease operations or continue without core funding. This is covered at questions 9 and 10, where the response is left blank pending the Board’s comments.
- 4.5 A number of factors that will need to be considered in making this decision, including:
- The impact of the government's intentions on the LLEP's ability to deliver its current work streams
  - The availability of alternative sources of funding for the LLEP
  - The level of support for the LLEP from local businesses and political leaders
- 4.6 The LLEP Board will need to carefully consider all of these factors before making a decision about the future of the LLEP. This decision may of course take some time to reach, or the Board may feel that a swifter decision (at least in principle) would be beneficial.

## **Appendix**

Draft submission of the LEP Future Funding Questionnaire

### **For further information please contact:**

Name : Sue Tilley

Position: Acting Head of LLEP

Organisation: LLEP

Tel: 0116 454 2915

# LEP Future Funding Questionnaire Questions

Below is the full list of questions provided for information; respondents should complete the online form at the following link: <https://forms.office.com/e/39Sgun7XvQ>

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## Introduction Text

### Background

On 15 March 2023, the Chancellor announced that Government is minded to end Local Enterprise Partnership (LEP) core funding. This forms part of our wider work on delivering devolution across England, and we will work with local areas to determine how the functions currently undertaken by LEPs are best delivered at a local level in future, where appropriate and where they are not already delivered by a Combined Authority.

Over the next four weeks officials at the Department for Levelling Up, Housing and Communities and the Department for Business and Trade will be carrying out an information gathering exercise to better understand the impacts that this proposal would have if taken forward, and before a decision is confirmed.

### Aim

The aim of this exercise is to fully understand the implications of an end to Government core funding if this were to happen. Core funding is typically used to pay for staff salaries, buildings, marketing, communications, and consultancy.

We have a particular interest in how activities currently carried out by LEPs might change, cease, or be transferred – depending on local plans – in the event of defunding, as well as the potential impact on:

- Economic growth in local areas.
- Decision-making in local authorities, particularly the input of business organisations.
- LEP staff and customers, including those with protected characteristics.
- Legacy projects (i.e. projects that have been funded in previous years through Government or private sector programmes).
- Ongoing separately-funded functions such as Growth Hubs and Careers Hubs.

And an interest in whether the impact would differ between areas with devolution deals and

those without, and whether LEPs would continue or cease operations without this funding.

### Structure

This questionnaire is split into six sections. The sections marked with an asterisk are mandatory. Respondents should only complete relevant sections.

- Section 1: Core Information.\*
- Section 2: Nature of your relationship with Local Enterprise Partnerships.\*
- Section 3: Questions for Local Enterprise Partnerships.
- Section 4: Questions for Mayoral Combined Authorities (MCAs), the Greater London Authority, and areas that have agreed devolution deals.
- Section 5: Questions for Local Authorities.
- Section 6: Public Sector Equality Duty Assessment.\*

### Data Security

Except where questions are mandatory, you are not required to respond to all of the questions in the section relevant to you, but the information you provide will be used to inform the final decision. Please highlight if any information shared is commercially sensitive. It will not be shared outside of HM Government.

Please direct any questions to [lepinformation2023@levellingup.gov.uk](mailto:lepinformation2023@levellingup.gov.uk).

### Section 1: Core Information [mandatory]

1. What is your name?
2. Please provide your email address.
3. What is the name of your organisation?
4. What type of organisation is it?
  - a. LEP
  - b. LA
  - c. MCA, the GLA, future devolved area
  - d. Other
5. Which area(s) of England does your organisation operate in? Please tick all that apply.
  - a. North East
  - b. North West
  - c. Yorkshire & Humber
  - d. Ox-Cam and East Anglia
  - e. West Midlands
  - f. Greater London
  - g. South East
  - h. South West

## Section 2: Nature of interaction with Local Enterprise Partnerships [mandatory]

**If you represent a LEP, please enter n/a and move to Section 3, where this information is captured in more detail.**

6. How do you currently work with your local LEP? What are the key activities for your organisation that the LEP currently delivers? Please give details.
7. Without core funding, it is possible that LEPs will reduce or cease their operations. What impact would that have on the following:
  - a) Your own operations
  - b) Your stakeholders
  - c) Your customers
  - d) Your future plans
  - e) Any programmes or activities carried out in partnership or via the LEP.
8. What (if any) impact would you envisage transferring responsibility of LEP functions to local authorities, where they are not already being delivered by a Combined Authority, having?

## Section 3: Questions for Local Enterprise Partnerships (LEPs)

**Please only respond to this section if you represent a Local Enterprise Partnership.**

We recognise that for some LEPs in prospective devolution deal areas, some of your answers may depend on what happens with devolution in your area. Where this is the case, please flag any uncertainties in your answers if appropriate.

9. If you do not continue to receive core funding, would you be likely to:
  - a. continue operating
  - b. transfer functions where appropriate and cease operations?
10. If you would be likely to continue operations, what functions would you cease to deliver in the absence of core funding?
11. If you would be likely to cease operations, please specify any significant liabilities such as ongoing MoUs and contracts with government, local authorities, or private businesses, including any subsidiaries owned by the LEP.

Please also specify any plans for joint ventures and special purpose vehicles with local and national partners, and any plans for handling public money (e.g. retained business rates).

12. How many people (FTE) do you have working for you and what functions do they deliver?
  - a) Directly employed
  - b) Under contract to provide services (contractors)
  - c) Temporary staff
  - d) Secondees

13. How many staff (FTE) are funded solely or partially by core funding?
14. If core funding were to end in April 2024, would you expect to have to make any staff redundant? How many (FTE)? What are your estimated redundancy costs?
15. If required, how would you propose to handle resourcing questions such as return of secondees to parent bodies, TUPE of staff, etc.?
16. What proportion of your overall income in 2022-23 is core funding?
17. What private sector income in 2022-23 do you receive, e.g. funding for Careers Hubs, match funding from local partners?
18. Which local authority acts as your accountable body?
- 19.
20. Do you have financial reserves? How much? What would be the actual and planned use of these?
21. What contractual agreements (commercial, employment, etc.) do you have beyond April 2024 and what costs are associated with these? What is the duration of these contractual agreements?
22. Do you have any Local Growth Fund (LGF), Getting Building Fund (GBF), or Growing Places Fund (GPF) money remaining to spend? If so, how much do you expect to have unspent by fund (£m) by April 2024? If you plan to cease operations should core funding end in 24/25, how do you propose to deal with any unspent funding?
23. Has the LEP been a Grant Recipient for European Regional Development Fund (ERDF)? If so, what arrangements will be made to retain the project audit trail in an accessible format until December 2033 in line with the contractual agreement?
24. What implications would there be if hosting arrangements for Careers Hubs sat outside of LEPs? e.g. Local Authorities.

Depending

25. Do you currently oversee the operations of an Enterprise Zone? *The following four questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 29.*
26. If yes, what local arrangements (i.e. MoUs/contracts) are in place to determine how the growth in retained business rates generated by an Enterprise Zone site are distributed?
27. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of (including where borrowing has taken place against the future receipt of retained rates)?

28. What are your receipts/income from property/land, including 'evergreen' investments?
29. Do you have any liabilities that are being funded using Enterprise Zone income to borrow money, for example, to fund infrastructure development over several years? If so, can you please provide details?
30. What major assets do you own or have a financial or contractual interest in (e.g. land, buildings, data and knowledge assets, etc.)?
31. What local agreements are in place to determine how assets are managed and appropriately transferred or disposed of?
32. Are there any other impacts in the event of LEPs no longer receiving core funding, or the transfer of LEP functions, that you would like to make us aware of?

#### Section 4: Questions for MCAs, the GLA, and Areas with new deals

**Please only complete this section if you represent a Mayoral Combined Authority, the Greater London Authority, or an area that has agreed a devolution deal.**

33. Were the cessation of Local Enterprise Partnership (LEP) core funding from 2024/25 to apply to MCAs, the GLA and Devolution Deal areas how would this affect your plans for integration?
34. How would the cessation of LEP core funding affect your subsequent delivery of remaining functions (e.g. Careers Hubs, Growth Hubs)?
35. How would it affect your provision of a business voice to influence key economic decisions?
36. Do you currently oversee the operations of an Enterprise Zone? *The following two questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 38.*
37. If yes, what local arrangements (i.e. MoUs/contracts) are in place to determine how the growth in retained business rates, generated by an Enterprise Zone site, are distributed?
38. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of? (including where borrowing has taken place against the future receipt of retained rates).
39. What local agreements are in place to determine how any LEP-owned assets are managed and appropriately disposed of?
40. What have been your key lessons learned from the integration process to date, which would be helpful for others to consider if transferring functions?

## Section 5: Questions for Local Authorities (LAs)

**Please only respond to this section if you represent a Local Authority.**

41. Are you an accountable body for a Local Enterprise Partnership (LEP)? If so, which?
42. How would you plan to incorporate the voice of private sector leaders in support and growth of local economies and highlighting economic opportunities? Would you be minded to continue a relationship with the LEP (if they continued) or put in place a new arrangement?
43. Would your authority be able to take on the remaining LEP functions (Careers Hub, separately funded Growth Hub, ongoing monitoring of the Local Growth Fund, Getting Building Fund, ERDF etc)? If your whole county geography or functional economic area covers more than one upper tier local authority, would you be able to do it on behalf of other local authorities? What governance would you need e.g. joint committee?
44. Were your LEP seeking to continue as a separate organisation what would be the implications of this for your area?
45. Were your local LEP to cease operations, what successor arrangements would you need to consider putting in place in supporting HMG activity in driving co-investment in site development, business growth, and innovation, as well as providing a local focus in responding to economic shocks?
46. How would you ensure that co-operation is maintained in adjoining and economically linked local authority areas?
47. Do you agree that, where a devolution deal is not agreed or in negotiation, the Growth and Careers Hub geographies should be based on a sensible geography as defined by the Levelling Up White Paper i.e. over a sensible functional economic area and/or a whole county geography, even if this involves more than one upper tier local authority working together?
48. Do you currently oversee the operations of an Enterprise Zone? *The following two questions relate to the operations of Enterprise Zones. If you do not currently oversee the operations of an Enterprise Zone, please skip ahead to question 50.*
49. If yes, what local arrangements (i.e. MoUs/ contracts) are in place to determine how the growth in retained business rates, generated by an Enterprise site, are distributed?
50. Are there any other MoUs or contracts pertaining to the management of the Enterprise Zone that we should be aware of (including where borrowing has taken

place against the future receipt of retained rates)? How would you propose to handle retained rates in the event of the LEP ceasing operations?

51. In the event of a LEP ceasing its operations, what are your plans for any LA staff who are currently based in the LEP or any of its subsidiaries?
52. In the event of a LEP ceasing its operations, will this have any impact on plans for any joint ventures with the LEP?
53. Should your local LEP choose to continue as a separate organisation, would you have any plans to fund it?
54. Are there any other impacts in the event of LEPs no longer receiving core funding that you would like to make us aware of?

## Section 6: Public Sector Equality Duty Assessment [mandatory]

The following questions have been drafted to review how this potential policy decision meets the Government's legal duty under the Equalities Act 2010 to:

1. Eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a particular protected characteristic and people who do not share it.
3. Foster good relations between people who share a particular protected characteristic and people who do not share it.

The Duty covers the protected characteristics of **age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation**.

55. If LEP core funding were to end in 2024/25, what impact might this have on the three elements of the public sector equality duty (numbered points above)?
56. If LEP core funding were to end in 2024/25, how could the impacts on the three elements of the public sector equality duty (numbered points above) be mitigated for those with protected characteristics?
57. Are there any programmes or initiatives that you think are noteworthy in terms of servicing users (both beneficiaries of programmes and activities and LEP employees) with protected characteristics (in **bold** above)? How would these be impacted by the end of core funding?



**LLEP BOARD OF DIRECTORS**

**11 APRIL 2023**

**Information Paper**

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**OPERATING BUDGET UPDATE**

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**1. PURPOSE OF REPORT**

1.1 Following the detailed operating budget reports to the February Board meeting, the purpose of this report is to present updates to the forecast 2022/23 outturn and the 2023/24 forecast; and also to highlight some key areas for discussion with stakeholders in the light of recent Government announcements on the future of LEPs.

**2. EXECUTIVE SUMMARY**

2.1. The forecast 2022/23 outturn is expected to remain in line with the previous forecast of a £1m surplus. The reserve would be around £2.8m at the end of March 2023.

2.2. The 2023/24 forecast full year deficit is circa £500k, based on present operations. This is lower than the previous forecast and could be accommodated within the reserve. However, decisions with relevant stakeholders will be required in due course regards all areas of the LLEP's operations in the light of recent Government announcements, and the forecast will therefore be subject to regular review.

2.3. At February Board meeting (in private session), the first 3 months of the 2023/24 budget was approved with the requirement that rest of the year approval post June would need to be supported by an analysis of current activities and recommendations on reduction of ongoing deficits. This paper updates changes to assumptions since then and also key areas which Board may need to consider at its workshop based on initial analysis. The full analysis of activities and potential options for further cost cutting will be evaluated once new director/CEO is in place, the Board priorities are crystallised and discussed with local elected bodies. It is expected that this will be presented at the June Board, together with request for approval of the full year budget and associated staffing arrangements (with any necessary caveats regards future plans).

### **3. RECOMMENDATIONS**

- 3.1 The Board is recommended to note the updated forecasts and the issues to be discussed.

### **4. OPERATING BUDGET OUTTURN 2022/23**

- 4.1 The report to the previous meeting forecast a £1m surplus. The actual outturn is presently being finalised with the Accountable Body (AB). Two items were previously identified as requiring review. Firstly, interest on LLEP funds held by the AB has been reviewed and is similar to the £400k forecast. Secondly, the AB charges will be £19k higher than forecast, in recognition of the additional support provided during the year. No other individually significant changes have been identified.
- 4.2 The LLEP usable reserve at 31 March 2023 is therefore expected to be around £2.8m, and possibly slightly higher. The reported reserve may be higher due to accounting for grant income received in advance, for example funding for Create Growth and the Careers and Enterprise Company.

### **5. OPERATING BUDGET 2023/24**

- 5.1 The report to the previous meeting presented a six-month budget, in recognition of the uncertainties and to align with the extension of temporary/fixed term staff contracts to 30 September 2023. The Board in private session approved a three-month budget.
- 5.2 Since the previous report, core funding has been confirmed at £250k (reduced from £375k in 2022/23, as assumed in the budget forecast); and Growth Hub funding at £298k (increased from £268k, and an assumption of zero). Local match of £125k to the core funding is assumed, funded by the Business Rates Pool.
- 5.3 The forecast interest income from the AB has also been reviewed in the light of base rate movements. Due to uncertainty regards the future management of the Business Rates Pool, the existing balance is excluded for forecasting purposes. Interest on the GPF and the LLEP reserve is estimated to be in the region of £350k.
- 5.4 The half-year forecast deficit, in the absence of any significant cost reductions, was £372k. The current full year estimate, on a 'business as usual' basis and reflecting the aforementioned changes and other updates, is circa £500k. The closing reserve at 31 March 2024 would therefore be over £2m. For perspective, a perhaps simplified way of viewing the deficit (given the LLEP team operates as an inter-connected whole) is that this essentially relates to the Careers and Enterprise Company contracts (primarily the careers hub) and 'core' activities.
- 5.5 These numbers should of course be read in the context of the recent Government announcements regards the future of LEPs' core funding and activities - in essence, that core funding will cease from April 2024 and LEP functions should be delivered by

democratically elected local leaders. It is unlikely that all 'business as usual' activities will actually continue (or continue through the LLEP) as the year progresses. In this light, the Board will recall that the main 'unfunded' costs of the LLEP are:

#### 5.5.1 Careers Hub

The purpose of the local Careers Hub is to create powerful, lasting connections between local businesses, schools, and colleges. Enterprise Advisors are volunteers who work directly with the leadership of individual schools and colleges, helping these institutions to develop effective employer engagement plans. The network of Enterprise Advisors is supported by a team of Enterprise Coordinators, who effectively bring the network of schools, colleges and Advisors together. The team also delivers the 'We Discover' project which is expected to end early in 2024.

The programme is part-funded by the Careers and Enterprise Company (CEC). The Board will recall that a significant local subsidy is required. An offer letter is expected in mid-April for the academic year September 2023 to August 2024, with reduced funding a possibility.

The future of the Hub will require significant discussion with local stakeholders, and in the light of any national developments by the Department for Education consequent upon the Government's plans for LEP funding and activities. A key decision point will be how the next contracting period from September 2023 to August 2024 should be approached, being mindful of the significant local subsidy (as things stand) and that the contract would extend well beyond April 2024.

#### 5.5.2 Growth Hub

Due to the continued Government funding and the remaining ERDF available in 2023/24, together with the actions to focus the baseline service as described in the Head of LLEP report, the Hub is expected to break even.

However, significant discussions about the future will be necessary, as the Government's intentions regards any future minimum national offer and associated funding are expected to develop over the coming months.

#### 5.5.3 'Core' activity

The 'core' includes skills and innovation, economic intelligence, business partnerships and engagement, net zero, the net cost of delivering the Made Smarter and Create Growth contracts with Government, programme monitoring and evaluation (including the completed LGF, ERDF and GBF programmes). Also, the 'organisational' costs of LLEP team leadership, governance, finance, administration and support to the Board and sub-committees.

The increased forecast interest income, and the continuation of Government core funding and the local match (albeit at a lower level) for 2023/24, mean that the 'core' is expected to cover most of its costs.

To enable a more accurate reflection of the costs of 'core' staff supporting programmes, a management fee of 2.5% will be applied in 2023/24. This reallocates around £30k of core costs across programmes.

Discussion and decisions will of course be required about the future of 'core' activity. As noted above and elsewhere on the agenda, the Government is minded that core funding should cease from April 2024 and LEP functions should be delivered by democratically elected local leaders. This will have implications for the individual delivery activities, for the running costs of the LLEP as an entity, and for the run-out of programmes and monitoring that continue beyond April 2024.

- 5.6 As noted above, fixed term and temporary staff contracts have been extended to 30 September, pending further review. This relatively short period is understandably adding to the uncertainty amongst the team. However, as intended the incoming director/CEO should have the opportunity to take a view on staffing arrangements generally; and the implications of the recent national announcements on the future of LEPs need to start to be worked through. Staffing arrangements will therefore be brought to the June Board for approval, along with a proposed full year budget. The Board will recall that in practice a number of the staff on fixed term/temporary contracts have additional rights through length of employment.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 This report is concerned with financial implications throughout.

### **Summary of appendices:**

None

### **For further information please contact:**

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